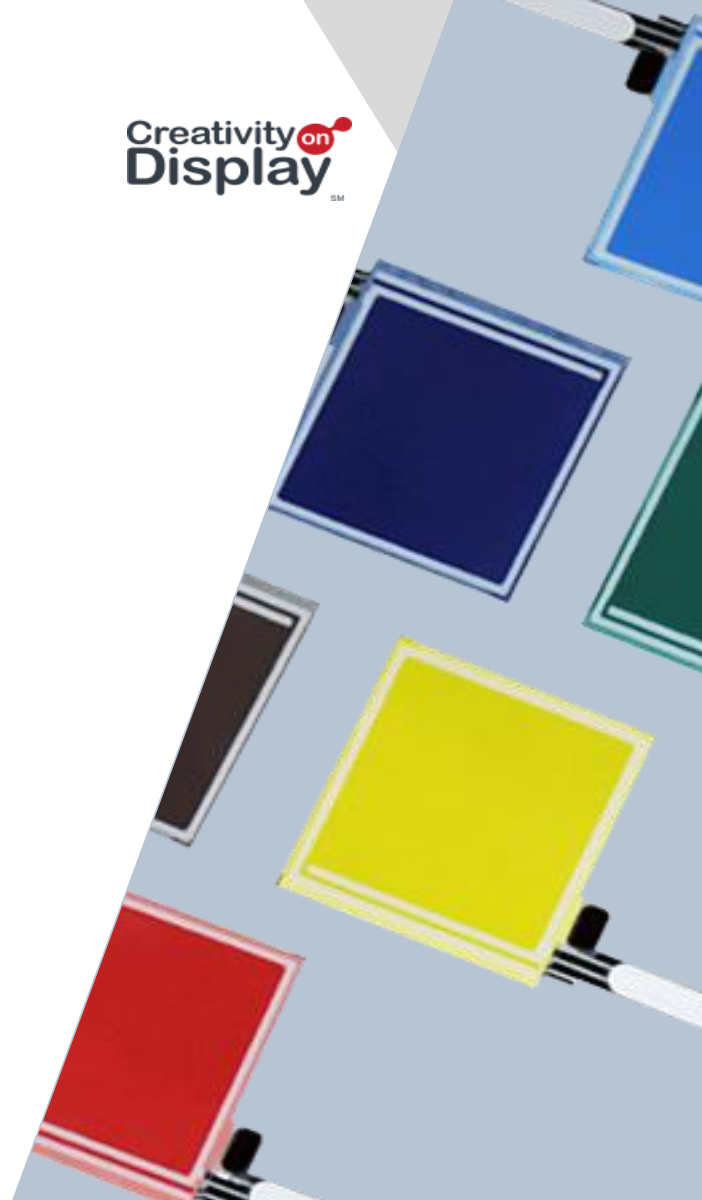




2018 Q1 Results Conference

5/21/2018



Safe Harbor Statement

Statements in this presentation that are not strictly historical, including the statements regarding the market, economy, the Company's e Paper, LCD and other business, the Company's future product launches, the Company's positioning and expectations for 2017 and future periods, and any other statements regarding events or developments that we believe or anticipate will or may occur in the future, may be "forward-looking" statements within the meaning of the securities laws in Taiwan. There are a number of important factors that could cause actual events to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include, among other things, the uncertainty in the economy, contractions or growth rates and cyclicalities of markets we serve, competition, our ability to develop and successfully market new products and technologies and expand into new markets, our ability to successfully identify, consummate and integrate appropriate acquisitions, contingent liabilities relating to acquisitions, risks relating to potential impairment of goodwill and other long-lived assets, currency exchange rates, our compliance with applicable laws and regulations and changes in applicable laws and regulations, tax audits and changes in our tax rate and income tax liabilities, litigation and other contingent liabilities including intellectual property and environmental matters, risks relating to product defects and recalls, the impact of our debt obligations on our operations, raw material costs, our ability to adjust purchases and manufacturing capacity to reflect market conditions, legislative reforms and other changes in industry, labor matters, our relationships with and the performance of our customers and partners, risks relating to man-made and natural disasters, our ability to achieve projected cost reductions and growth, and international economic, political, legal and business factors. These forward-looking statements speak only as of the date of this presentation and the Company does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

Consolidated Income Statement

NTD, Million	Q118	Q417	QoQ	Q117	YoY
Net Sales	2,898	3,505	(17.3%)	3,218	(10.0%)
Gross Profit	1,109	1,475	(24.9%)	1,246	(11.0%)
Gross Profit %	38.3%	42.1%	(3.8%)	38.7%	(0.5%)
Operating Expense	1,373	1,435	(4.4%)	1,201	14.3%
R&D Expense	494	547	(9.8%)	450	9.7%
Operating Profit (Loss)	<u>(264)</u>	<u>40</u>		<u>45</u>	
Operating Profit (Loss) %	(9.1%)	1.1%	(10.2%)	1.4%	(10.5%)
Non-Op Items	<u>383</u>	<u>486</u>	<u>(21.2%)</u>	<u>121</u>	<u>215.2%</u>
Royalty Income	446	870	(48.7%)	411	(78.1%)
Pre-Tax Income	119	526	(77.4%)	166	(28.6%)
Tax Expense (Benefit)	70	70	(0.2%)	29	138.2%
Income from Continuing Operations	49	456	(89.2%)	137	(64.2%)
Discontinued Operations	<u>0</u>	<u>(516)</u>		<u>17</u>	
E Ink Net Income	41	(50)	181.6%	157	(73.8%)
EPS (after-tax)*	0.04	(0.04)		0.14	
Continuing Operations	0.04	0.39		0.13	

Consolidated Balance Sheet

NTD, Million	Q118	4Q17	Q117
<i>Selected Asset Items</i>			
Cash	11,464	11,879	8,047
Accounts Receivables	1,696	2,336	2,120
Inventory (Net)	2,438	2,143	1,581
Fixed Assets	4,676	4,753	4,954
Intangible Assets	8,423	8,592	8,918
Other Assets	6,135	6,174	7,906
Total Assets	34,832	35,876	33,526
<i>Selected Liability Items</i>			
Short-Term Debt	1,286	496	635
Long-Term Debt	46	46	162
Accounts Payable	2,579	3,843	2,556
Total Liabilities	7,152	8,649	6,921
Capital	11,405	11,405	11,405
Total Equity	27,680	27,227	26,605
Debt Ratio	20.53%	24.11%	20.64%
Book Value Per Share	24.27	23.87	23.33

Consolidated Cash Flow

NTD, Million	Q118	Q417	Q117
Cash Flow from Operations	(1,366)	1,772	387
Cash Flow from Investing	203	1,077	(849)
Cash Flow from Financing	797	(1,675)	86
Effect of Exchange Rate Change	(49)	105	(142)
Net Increase in Cash	(415)	1,279	(518)
Cash at Quarter End	11,464	11,879	8,047
Depreciation & Amortization	277	286	300
Capital Expenditure	176	123	136
Free Cash Flow*	(1,542)	1,650	251

**Free Cash Flow: Cash Flow from Operations – Capital Expenditure

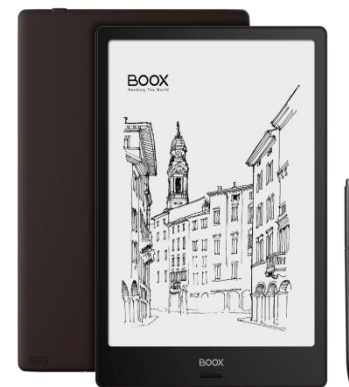
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- ESL is a key factor to make smart retail coming reality
- ESL business will keep growing with the new retail trend



eNote – ePaper Display with Pen Writing

- New eNote products will be launched during the course of the year



BOOX Note
10.3" A5 size



Wacom电磁式触控 (4096级压感)



Establishing eNote Ecosystem

- Digital Stationery Consortium

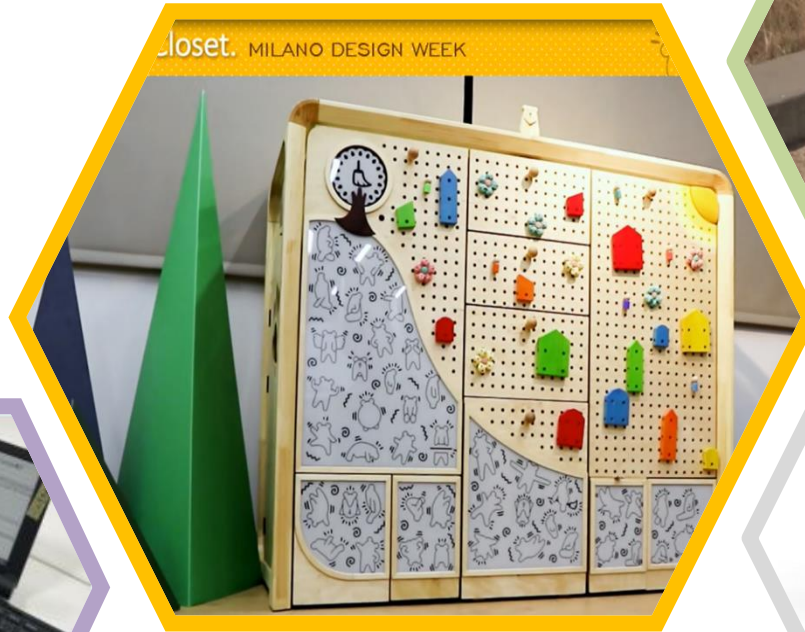


- establish digital ink as a universal, open and smart content format and a common framework for sharing and collaborating with ideas beyond the boundaries of technology, operating systems, eco-systems, industries or countries.



New Applications

- Continue incubating and exploring new ePaper applications for long term market





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